

Federal and State Policy:

- The USDA has authorized Dairy Economic Loss Assistance Payments to be sent out through the FSA offices starting in late December. Farmers will receive a direct payment estimated at 32 cents per hundredweight based on their extrapolated 12-month milk production, up to six million pounds. Pennsylvania dairy farms are expected to receive about \$22 million of the \$290 million in allocated relief.
- Pennsylvania will also receive \$2.2 million, or approximately 27 truckloads, of cheese through the Emergency Food Assistance Program. The cheese is part of the \$60 million allocated for dairy product purchases in the 2010 Ag Appropriations Bill, intended to remove product from the marketplace to bring dairy prices back in balance.

Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Dec.) **	\$16.58/cwt.	▼ 0.2 %	▲ 1.8 %	▲ 23.4 %
Corn (Mar.)	\$3.99/bushel	▼ 1.8 %	▼ 0.8 %	▲ 4.5 %
SBean Meal (Jan.)	\$300.8/ton	▲ 5.1 %	▼ 2.4 %	▲ 14.2 %
Milk Margin*	\$10.47/cwt.	—	▲ 4.9 %	▼ 14.5 %

*Each issue of "Dairy Week in Review" will report on current and projected "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for. Milk margin is affected by both milk & feed prices.

** The milk price reported is the Class III futures price for the next month plus a basis of \$1.75, which provides an estimate of what producers can expect to see on their milk check for the coming month.

- The January 2010 Class I Mover is \$15.03/cwt., up \$1.04 from December but down 71 cents from January 2009. There will be no MILC payment in January.
- The estimated total U.S. milk production in November was 15.060 billion pounds, down 1 percent from a year ago, according to the USDA Milk Production report released last week. Production per cow increased 1.7 percent to 55.2 pounds per day, while cow numbers fell another 7,000 head. In Pennsylvania, total milk production increased 1.3 percent, while cow numbers fell 11,000 head. Milk production per cow in the state was up 3.4 percent.
- The November decline in cow numbers was the smallest since April, with cow numbers falling by almost 31,000 head per month from May through October.
- The November Consumer Price Index (an indication of retail prices) for milk was 128.1, rising 0.7 percent from October and up for the third straight month, according to the Bureau of Labor Statistics. Through the first 11 months of the year, prices were down 13.4 percent.

Industry:

- The Innovation Center for U.S. Dairy has signed a voluntary Memorandum of Understanding (MOU) with the USDA to reduce green house gas emissions by 25 percent over the next decade. USDA officials have labeled the agreement as "historic" because the entire dairy industry will play a role. The MOU is a voluntary effort initiated by the Innovation Center that will open doors for additional funding and resources from USDA. Dairy Management Inc., which manages the national dairy checkoff program, is one of the founding organizations of the Innovation Center for U.S. Dairy. For more information, visit www.usdairy.com.

